

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION**

**Call to Order:** By **CHAIRMAN DONALD L. HEDGES**, on February 6, 2003  
at 8:00 A.M., in Room 455 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Donald L. Hedges, Chairman (R)  
Sen. John Esp (R)  
Sen. Bea McCarthy (D)

**Members Excused:** Sen. Royal Johnson, Vice Chairman (R) arrived  
at 8:10  
Rep. Rosalie (Rosie) Buzzas (D) arrived at 8:06  
Rep. Eve Franklin (D) arrived at 9:40  
Rep. Dave Lewis (R) arrived at 9:10

**Members Absent:** None.

**Staff Present:** Mark Bruno, OBPP  
Pam Joehler, Legislative Branch  
Diana Williams, Committee Secretary

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.  
Tape counter notations refer to the material  
immediately preceding.

There was a technical problem from .0 to 1.0 on  
the tape counter. Roll call was not taped.

**Committee Business Summary:**

Hearing: Bureau of Mines; Forestry &  
Conservation Experiment Station

Executive Action: Bureau of Mines; Forestry &  
Conservation Experiment Station

Prior to the hearing a handout was provided that showed the Average Indebtness by Individual Colleges. This was requested at the hearing of the Montana University System Overview (1/27/03).

**EXHIBIT(jeh26a01)**

**HEARING ON BUREAU OF MINES**

The Biennial Report of Activities and Programs of the Montana Bureau of Mines and Geology July 1, 2001 - June 30, 2002 was handed out.

**EXHIBIT(jeh26a02)**

A three-page overview of the Montana Bureau of Mines and Geology was handed out.

**EXHIBIT(jeh26a03)**

**Overview of Bureau of Mines and Geology:**

Dr. George Dennison, President of The University of Montana, introduced Ed Deal

**Ed Deal, Director of Montana Bureau of Mines and Geology and State Geologist**, presented the overview (see Exhibit 3 for specifics). With the staff, there are now 65 full-time employees rather than 60. The minerals museum is also staffed and maintained by this agency. The number of visitors at the museum ranges from 12,000 to 15,000 annually with most of them visiting during the summer. During the school year there are 1,500 to 2,000 school students who visit the museum for school-sponsored trips. Mr. Deal further explained the FTE positions as well as the funding sources for this agency.

As far as economic development **Mr. Deal** said that is what the Bureau is and what it always has been. The agency is mandated to promote orderly development of the State's geological resources which include ground water. He further said that since the research is applied, nearly every project that is conducted has a direct economic impact. The list of projects for economic development that is in Exhibit 3 is abbreviated. A more comprehensive list is available in Exhibit 2.

Through a power point presentation, **Mr. Deal** further explained the Bureau's overall programs as well as the funding request.

**{Tape: 1; Side: A; Approx. Time Counter: 0 - 9}**

Coalbed methane development was discussed. The map that is the cover of the biennial report (Exhibit 2) summarizes the favorability of coalbed methane production in Montana.

***{Tape: 1; Side: A; Approx. Time Counter: 9 - 13.1}***

**Mr. Deal** said that the foundation of the workload at the Bureau is producing geological maps. The maps are used both by government and private businesses. He said that the goal is to have the State's resources become digitally available fairly soon.

***{Tape: 1; Side: A; Approx. Time Counter: 13.1 - 15.6}***

**Mr. Deal** discussed programs that dealt with water resources. He also informed the Committee that the only Seismic Monitoring Network for the State is at the Bureau of Mines.

As far as the mining industry, the Bureau of Mines basically tracks the industry. **Mr. Deal** said that the most important function is to supply mineral data and in particular exploration data that companies need. He further said that the mining industry isn't the only agency that benefits from this type of research. Environmentalist as well as realtors and homeowners use this information.

**Mr. Deal** said this agency has a small mine operator assistance program. The small businessman or businesswoman can get assistance both with the economics as well as dealing with potential environmental issues that may arise from mining.

**Mr. Deal** informed the Committee that Montana is the biggest single producer of talc. He said that nearly every catalytic convertor made in the world uses Montana talc. An industry that is known for pollution is also trying to help clean up the environment.

The last slide that **Mr. Deal** talked about was the oil and gas activity in Montana. He said the big operators are pretty much gone. The small operators are trying to hang on. The Bureau of Mines is working with them and trying to accumulate the data that is needed but it is a slow process. Through contracts and grants he hopes that this data can get compiled more quickly.

**Mr. Deal** ended by saying that there is still a lot to be done in Montana's geology. There are many requests by the people that this agency tries to help find the answers to.

***{Tape: 1; Side: A; Approx. Time Counter: 15.6 - 26.6}***

**Mr. Deal** went over the impacts of the budget cuts. With Exhibit 4 it shows the effect of the budget changes on FTE levels that are funded through General Funds.

**EXHIBIT(jeh26a04)**

**Mr. Deal** said that there haven't been any new programs over the 12 years at the Bureau. The programs have grown due to outside support rather than increased funding through the State. He said that the operating budget as well as FTE's were cut after the Special Session reduced this budget by \$95,000.

**Mr. Deal** said that by going back to Fiscal 2000 there would be cutbacks in the Bureau which may include losing a division or two, as well as grants and contracts would be diminished. The third impact would be a reduction in the personal services that the Bureau provides like answering the public's questions over water issues.

**Mr. Deal** respectfully requested that the Bureau be funded at the actual base level of Fiscal 2002 at the amount of \$1,570,636.

*{Tape: 1; Side: A; Approx. Time Counter: 26.7 - 30}*

*{Tape: 1; Side: B; Approx. Time Counter: 0 - 2}*

**Tom Patton, Project Leader**, explained the Ground-Water Assessment Program. Details are in the Exhibit 5. This program is divided into three parts. The Groundwater Monitoring and Groundwater Characterization were developed to help individuals gain understanding of the State's groundwater resources. And the third part, Groundwater Information Center (GWIC), stores the data.

**EXHIBIT(jeh26a05)**

To see a specific study, **Mr. Patton**, provided a handout, Information Pamphlet No. 4."

**EXHIBIT(jeh26a06)**

**Mr. Patton** closed the section on the programs that the Bureau provides by saying that the Groundwater Assessment Program provides better management decisions, better protection decisions, and better development decisions.

*{Tape: 1; Side: B; Approx. Time Counter: 2 - 11.3}*

**Mr. Patton** then moved to funding. He said that \$300,000 is received through the interest from a resource identity trust and there is \$366,000 in process from the resource identity ground-

water assessment tax. For a total of \$666,000 which he said should be intact throughout the legislative process. He asked that the Committee allow the Bureau the spending authority of \$666,000 per year for the 2005 Biennium.

***{Tape: 1; Side: B; Approx. Time Counter: 11.4- 12.5}***

**Questions from Committee Members and Responses:**

**SEN. JOHNSON** wanted to know if there is a graph that would indicate the funding changes (where the money is coming from) that this agency has had over the last five years. **Mr. Deal** said, "Yes, but will have to mail them." He further said that the monies that are coming from grants and contracts were about 45 percent of the total budget and presently they are 55 percent.

**SEN. JOHNSON** asked if there is a graph that shows the money that is being collected for the services that the Bureau provides through the GWIC. **Mr. Patton** said that he could produce a graph, but normally what occurs is that outside the normal parameters there is about \$500 to \$1,000 a month that is generated. He said that this money is to pay for photocopying and time charged to do the request. He also said that most of the people are using the Internet which is free. **Mr. Patton** explained that the purpose of the database as well as the internet access is two-fold. It disseminates information as well as helps in-house management of the data.

***{Tape: 1; Side: B; Approx. Time Counter: 12.5 - 16.2}***

**SEN. ESP** wanted examples of grants and contracts. **Mr. Deal** said that the Super Fund monitoring out of Butte is funded through USDA. And the geological mapping program in the last several years has been one-to-one matching program with \$200,000 a year from US Geological Survey. He said that this is a competitive nation-wide grant. Smaller grants come from state sources, as well as conservation districts.

***{Tape: 1; Side: B; Approx. Time Counter: 16.2 - 17.8}***

**REP. BUZZAS** asked if Mr. Deal would expand on the lessons learned from the Wyoming coalbed methane development. **Mr. Deal** said that he wasn't the expert in this field but he thought there might be problems with water quality that is north of the Power River Basin. He thought that Wyoming was also pulling back on permitting and water disposal options.

**Mr. Deal** said that one area that Montana is way ahead of Wyoming is in the monitoring drill network that is in place. Wyoming couldn't evaluate what happened near Clark Basin.

**REP. BUZZAS** asked if the coal companies are helping to pay for the monitoring and drilling that is happening in Montana. **Mr. Deal** said that the monitoring that has been done in the past has been mostly around the coal mines or the immediate vicinity. He thought that the companies did financially support the projects. He said that a lot of the installation of wells preceded his time at the Bureau but he thought there was support given but it was a struggle to hang on and get it.

**Mr. Deal** said that there are three decades of data around some of the mines. Because the data was available, a model could be produced for the EIS that was just done.

**REP. BUZZAS** requested data on monitoring wells. **Mr. Deal** said that there is an abundance of data and he will try and put something together for her.

*{Tape: 1; Side: B; Approx. Time Counter: 17.8 - 21.2}*

**CHAIRMAN HEDGES** wanted to know if the Bureau was involved with the Sage Caetano State of Montana's water mitigation studies near the Clark Fork area. **Mr. Patton** said they are working with conservation districts in the study of herbicide water management plan. He said that the Bureau doesn't deal with the regulatory side of this issue. Rather, they partnered with the tribes to collect water and water element information and to map those aquifers. The agency has provided valuable data and maps that are useful. He said that the Bureau isn't a regulatory agency and have no impact in negotiating.

**CHAIRMAN HEDGES** followed up by asking the question, "Do both parties accept the data as scientific?" **Mr. Patton** said, "Yes." He further said that with any data it can be questioned. The data is there to provide a baseline.

**CHAIRMAN HEDGES** also asked if the Bureau is involved with Lockwood. **Mr. Patton** said, "Yes, this will probably start in the spring."

*{Tape: 1; Side: B; Approx. Time Counter: 21.2 - 24.3}*

**HEARING ON FORESTRY & CONSERVATION EXPERIMENT STATION**

**Dr. George Dennison, President of the University of Montana,** introduced Perry Brown, the Dean of School of Forestry and the Director of the Forest Conservation Experiment Station.

**Dr. Dennison** said that the innovative approach that is used for this station is to have it be integrated with the University. The facility members who have worked and have done the research in the station also teach and involve themselves in campus activities.

*{Tape: 1; Side: B; Approx. Time Counter: 24.3 - 25.2}*

**Perry Brown, the Director of the Montan Forest Conservation Experiment Station,** said that this station is highly productive and generates economic development. The ideas and information that are generated keep Montana connected to the world. It also challenges the old and young minds to better our future.

**Mr. Brown** said that three items have been handed out. *The first one is the newsletter from the School of Forestry.*

**EXHIBIT(jeh26a07)**

The brochure is a reference for the Committee. It has facility information, web page information and e-mail addresses.

**EXHIBIT(jeh26a08)**

The last handout is an outline of remarks made by Mr. Brown. His presentation followed the page format. There are 21 pages to this booklet.

**EXHIBIT(jeh26a09)**

*{Tape: 1; Side: B; Approx. Time Counter: 25.2 - 27.9}*

**Overview of Forestry & Conservation Experiment Station (MFCEs):**

The mission statement can be found on Page 2 of Exhibit 9. **Mr. Brown** said that this station has a wide range of programs.

*{Tape: 1; Side: B; Approx. Time Counter: 28.0 - 30.0}*

With Page 5 of Exhibit 9, **Mr. Brown** went through each one of the physical resources that are managed by the Station. He stated the location and the activities that are specific to each physical resource.

**Mr. Brown** said that on June 18, the Western Governors and their staff will be meeting at the Lubrecht Experiment Forest. The morning will be set aside for gaining knowledge about the forest. In the afternoon, the Governors and staff will see a demonstration on how the new logging equipment works which is vastly different than how the equipment worked in the past.

**Mr. Brown** went over the 2001/2002 revenue picture and is Page 6 of Exhibit 9. He said that for the University Travel Research Program (UTRP), the \$533,123 funding comes from the bed tax dollars that are generated. Most of the money generated from grants and contracts came from outside the State. The endowments that are related to the research and outreach programs have generated approximately \$600,000. The total available revenue is approximately \$16 million for the biennium.

**Mr. Brown** gave a comparison of the 1993/94 biennium to the current one. He said that approximately \$1.4 million of State support and approximately \$5.8 million of grants and contracts happened in the 1993/94 biennium. Presently the State support is \$1.8 million and contracts/grants is \$13.3 million. He said that the yield for endowments in 1993/94 was approximately \$100,000 and now is \$600,000. He said that the current revenues are driven more by outside activities.

Page 8 lists the eight different research areas that the programs can be categorized in. **Mr. Brown** explained the difference between each one of these areas. He made a point to explain that the number that is next to the areas may be misleading. He said that this percent is not the total amount of funding, rather it the number of individual projects that are specific to the categories.

**Mr. Brown** said that Fire Ecology and Management is the single largest funded area right now. The seven percent (7%) implies that there are fewer projects that are using more money. He also said that programs that deal with the actual management of the forest falls into Silviculture and Stand Management.

***{Tape: 2; Side: A; Approx. Time Counter: 0 - 10.5}***

Pages 9 and 10 of Exhibit 9 show the statistics on the publications. Page 11 categories the partners that are used in the research and outreach activities.

**Mr. Brown** gave specific examples of some of the partners that they worked with. He said that we are partners often times because they have the land, they have the need to have something answered, or they have the expertise that is needed.



With Pages 12 to 18 of Exhibit 9, **Mr. Brown** went over four specific projects so the Committee could get a feeling of the activities that happen at the station and the direction that this station is going. The different projects focus on management of the forest, fire, wildlife, recreation and tourism.

The first program is Silviculture and Stand Management. Silviculture is the culturing of forest and stand management is how the trees stand in the forest.

**Mr. Brown** explained the difference between clear cut (even stage management) and uneven stage management. He gave the benefits from growing the forest in the uneven stage management condition. He told the Committee that the research that this station has done has become part of the toolkit for the Department of Natural Resources and Conservation to use. This agency has adopted the practices of Silviculture and growing the forest in an uneven manner to the lands that they manage.

Another research project is the Forest Biometrics Research Program (Page 14). **Mr. Brown** said that the main focus here is to see how a forest grows over the next 100 years. There has been money collected for this program and is in a long-term endowment. In addition there is cash available to start the project.

Wildfire programs were discussed with a focus on the National Landscape Fire Analysis program. See page 16 of Exhibit 9 for more details.

***{Tape: 2; Side: A; Approx. Time Counter: 10.5 - 24.6}***

Studying Sage Grouse and their habitat is another research project for the scientist at the station. They are trying to assemble the facts on these birds, so management strategies could be implemented before the possible threat for an endangered species listing occurs. See Page 17 for more details.

The Missouri Breaks National Monument is another project that this station is involved in. They are working with different agencies to develop plans on how the national monument is going to be managed. See Page 18 for more details.

***{Tape: 2; Side: A; Approx. Time Counter: 24.7 - 27.9}***

**Mr. Brown** went over the biennial consequences of the allocation levels. The details can be found on Page 19 and Page 20. He noted that on Page 19, these figures are different than the values found on the green sheet (Exhibit 10) because these figures are focused on FY2003 since that is where this agency is at. But

the conclusion is the same. He said that the only way to reduce the budget is through a reduction in staff - salaries and benefits. Page 21 of Exhibit 9 explains some of the unique funding issues that face this station.

**Mr. Brown** stated that with many of the facility they are being paid through 1/3 MFCES and 2/3 general university budget. He also wanted to make note that backfilling the reductions through tuition isn't an option for the station.

**Mr. Brown's** budget request is the last bullet item on Page 21 Exhibit 9. He said, "We would hope that we could keep the experiment station as whole as possible in these difficult times, so that we don't lose the people who generate approximately \$7.00 for every \$1.00 invested in them. So we would ask that you consider maintaining the budget at the level requested by the executive which is \$1.822 million." He said that it is a liveable budget and "we can keep the Economic Research Machine alive."

**{Tape: 2; Side: A; Approx. Time Counter: 28.0 - 28.5}**

**{Tape: 2; Side: B; Approx. Time Counter: 0 - 3.9}**

**Questions from Committee Members and Responses:**

**SEN. ESP** said he that he worked on a project for the last year and half in which staff from the Station participated. He said that the people involved came from diverse backgrounds, and had a wide array of opinions. Professor Patterson and one of his graduate students did an exceptional job, given the task that they had. He said that he was pleased with the efforts that they put forth. **Mr. Brown** said that he would pass that information on to Mike Patterson.

**SEN. JOHNSON** asked that Mr. Brown tell the Committee what kinds of activities have been done on the Bair Ranch Foundation lands which is 50,000 acres, and is part of the physical resources, Page 5, Exhibit 9.

**Mr. Brown** explained two types of activities that are part of the Bair Ranch Educational Foundation. He focused on the land that is north of White Sulphur Springs, along the Tenderfoot Range.

One project dealt with educating the people on the use of the lands and how they could become more economically and environmentally sound when harvesting crops. **Mr. Brown** said that they were also taught how to inventory the resources that are on the land. By doing this, they could then discuss with their

neighbors on trading or adjusting some of the lands since this area is in a checkerboard pattern.

**Mr. Brown** said that a study is also being done on the water in this area. He said that the Tenderfoot Creek flows through forest service lands, the ranch, and private lands. He said that a monitoring system was set up that will help understand effects of the water on the land in this area. He also said that the Bair Foundation has provided financial assistance for this study.

**SEN. JOHNSON** wanted to know if the grant that was received a few years ago goes directly to this station. He said the reasoning behind this is that in 1993 the money coming from foundations was \$100,000 and now it is \$600,000.

**Mr. Brown** said it is the Arbreight grant and the gift is a permanent endowment. He said that the yield comes to the School of Forestry and MFCES. He said that a portion of the increase that is noted by **SEN. JOHNSON** is due to this gift. He said besides this gifting, education also was supported through this endowment.

**CHAIRMAN HEDGES** noted that the date on the cover of the handout is 2001. **Mr. Brown** said that data has been updated but the date wasn't. The cover page came from the power point presentation that was done on Feb 1, 2001.

**CHAIRMAN HEDGES** said that the percents that are found on Page 8 are the percent of projects per area. **Mr. Brown** said that there are about 140 projects. If the number is 16%, that is 16% of 140 projects. **CHAIRMAN HEDGES** wanted to know the dollar values for these projects. **Mr. Brown** said that could be done but the database hasn't been readily available. **CHAIRMAN HEDGES** said that he thought that would be needed as a management tool. **Mr. Brown** said that he has the values in his head.

**CHAIRMAN HEDGES** then went through the following categories and **Mr. Brown** responded.

<u>Catagory</u>	<u>Percent of Agency Dollar</u>
Wildlife, Ecology and Management 24%	10 to 12%
Ecology and Ecosystems 16%	Neighborhood of 7%, 8%
Fire Ecology and Management 7%	Around 40%

**CHAIRMAN HEDGES** wanted to know the difference between the two categories Silviculture/Stand Management, and Fire Ecology/Management. **Mr. Brown** said that Silviculture is more specific forest management activity and is more of an applied piece of ecology but with specific human management activities.

**CHAIRMAN HEDGES** also had a question about the Missouri Breaks Sage Grouse. He asked, "Are you working with the Department of Environmental Quality (DNRC) and the Department of Fish and Game on this project? If so, do you have the percent of effort that is going into the total Sage Grouse management plan?"

**Mr. Brown** said that in terms of sage grouse activity the primary sponsor, not the exclusive one, is the Bureau of Land Management (BLM-Federal agency). He said that the Fish, Wildlife and Parks is engaged in the sage grouse work as well. Their work is small but the biologists work on a regular basis and provide input. He said that they are a significant part of the management team and are probably less than five percent of the funding.

Mr. Brown said with DNRC he was not sure if there is any money involved at this time. He said that the regional managers are involved with the where and how to this study and there is personnel that are aware of what is going on.

**CHAIRMAN HEDGES** asked, "How much money do you have in Sage Grouse?" **Mr. Brown** replied by saying that it is probably close to \$800,000.

*{Tape: 2; Side: B; Approx. Time Counter: 3.9 - 18.4}*

For the agencies that have executive action see Exhibit 10 under Research/Public Service Agencies - Bureau of Mines (fourth line) and FCES (third line) in that section.

**EXHIBIT** (jeh26a10)

**EXECUTIVE ACTION ON BUREAU OF MINES AND GEOLOGY**

**Motion:** **SEN. MCCARTHY** moved to **ADOPT THE FISCAL 2002 BASE WHICH IS \$1,570,646.**

**Discussion:**

**Mark Bruno, OBBP** said that this is above the Governor's budget by approximately \$17,000 per year.

**REP. BUZZAS** said that this level of funding is justified in that this agency provides infrastructure that the State uses daily in building the economic base. If funding is less, people will be laid off which would decrease the services that are provided to other people who are trying to improve the State's economy. Providing funding to this level is a good investment of State dollars.

**SEN. MCCARTHY** said that she supports the higher level of funding because of the work that has been done in the coalbed methane area. She said that this preliminary work is going to be useful in the future. Besides this asset, she said that this agency was also an impartial third party when it came to the coalbed methane project. She said that they weren't the ranchers nor were they part of the industry. They provided the middle ground.

**SEN. JOHNSON** said that \$17,000 a year wouldn't pay for a salary for any of those people in the Billings office. He said that he doesn't want to push this budget any further than is needed and that the Governor's budget fits into the whole picture of what is going on in this legislative session. He said that he would rather not have to deal with a possible funding shortage of \$17,000 in another agency and if there is enough money in new revenues and so forth to take care of the \$17,000 he would then vote for that particular \$17,000. So at this particular moment, his recommendation is to put the funding level to the Governor's budget.

**Substitute Motion/Vote:** **SEN. JOHNSON** made a substitute motion to **FUND THE MINES AT THE LEVEL OF THE GOVERNOR'S SUGGESTION WHICH IS THE \$1,553,465 IN BOTH YEARS.** Substitute motion carried 7-0 by voice vote.

*{Tape: 2; Side: B; Approx. Time Counter: 18.4 - 25.3}*

**Motion/Vote:** **SEN. MCCARTHY** moved that the **SPENDING AUTHORITY FOR THE GROUND-WATER ASSESSMENT PROGRAM DO PASS.** (This will be a State Special Revenue RIT funding for the ground water program and is \$666,000 a year.) **Motion carried 7-0 by voice vote.**

*{Tape: 2; Side: B; Approx. Time Counter: 25.3 - 26.1}*

**EXECUTIVE ACTION ON MONTANA FOREST AND CONSERVATION EXPERIMENT  
STATION (FCES)**

**Motion:** **SEN. JOHNSON** moved to **ACCEPT THE FOREST SERVICE BUDGET AT THE LEVEL OF THE GOVERNOR'S SUGGESTION AT THIS MOMENT.** (This would restore the budget to \$911,219 per year.)

**Discussion:**

**REP. BUZZAS** aired her concern about how the discussion for funding any of the educational agencies has gone. She said that by rolling back to the 2000 base has made the Governor's budget look really good which wasn't the feeling for some legislators prior to or at the beginning of the session. What she didn't like with the budget was the large cuts that the University System took in the last biennium as well as during the Special Session.

**REP. BUZZAS** said that she will probably vote yes on this motion, not because she likes it, but rather she felt it was probably the best funding level that will come out of this Committee. She further stated that thinking this way leads to discussion of revenue-enhancing ideas. She said that there are many revenue enhancing ideas that will still need discussion.

**REP. BUZZAS** ended by saying, "I think that we need to be funding these agencies to do the job that we want them to do. And to me the Governor's budget doesn't do it in this case. I am concerned about how we are framing the entire discussion."

***{Tape: 2; Side: B; Approx. Time Counter: 26.1 - 30}***

**CHAIRMAN HEDGES** asked that if additional revenue is found should this Committee go back and look at the budget packages from the different agencies.

**REP. LEWIS** said, "Yes." He said that if the Coal Trust transfer bill is passed, the net effect is to get the agencies to the Executive Budget. He further stated that if the agencies are above the Executive Budget then additional revenue would be needed. The additional revenue might occur by raising taxes.

**REP. BUZZAS** response was, "Not necessarily."

**REP. BUZZAS** said that it is interesting to see what is going on in this session. She said that she has seen a lot of new fees being imposed. She wanted clarification on what the big plan is for this session, and to know what the framework is that is behind these discussions.

**CHAIRMAN HEDGES** said that \$93 million has to be found to make the budget whole. Any money generated above that will be used to fill in where needed.

**SEN. ESP** said that his priority is to balance the budget, which at this point in time, means making hard choices. He said that there have been fee increases but there hasn't been revenue

generated. He said until the revenue is there, he can't vote on anything that goes beyond the Governor's budget. He said that his big plan is to balance the budget.

**SEN. McCARTHY** said that with the Executive Budget the agencies and the departments at least had input whereas with the rollback figures they didn't. She said that she may not like the budget level but since there was input from the agency of where the cuts would be, she could justify voting yes to the Governor's Budget.

**SEN. JOHNSON** said that the plan, even from the start, was to take the budget back to an area where the identified revenues can take care of the expenses. With the rollback, there was roughly an additional \$110 million which could be allocated. He said that \$24 million was immediately reallocated to K-12. And in this process some smaller agencies have increased their funding.

**SEN. JOHNSON** said that the second part to the plan is to see what kind of revenues can be found - Coal Trust, Sales Tax, whatever. He said until the money is found it doesn't do much good trying to spend it. He said that the agencies have negotiated and they know what to expect from the Governor's budget. He said, "I am not saying it is fair. I am not saying it's enough money. I'm just saying when you have "X" amount of dollars to spend that is coming in, and you spend "X" amount of dollars or else, you have a real problem."

*{Tape: 3; Side: A; Approx. Time Counter: 0 - 5.3}*

**REP. BUZZAS** said that what this discussion hadn't taken into account are other necessary cuts that might be proposed to bring the budget into balance. She said that she is looking at some proposed cuts.

**REP. BUZZAS** said that with the larger issues, like economic development for the State, she will fight hard to place the few precious dollars into something she believes has a good return, which to her is education.

**REP. BUZZAS** said that this Committee is supposed to be giving some direction to the legislative body -- setting policy. The Committee should be identifying areas that need funding and the why behind the process. She said, "And that is why I think we should have those kinds of policy discussions here knowing that yes, we are early in the process but there are still a lot of unknowns. But we are setting some priorities for how we are going to spend the precious few resources that we do have. So that is my point."

**REP. FRANKLIN** said that if you look at this in terms of process, not only is it a policy decision on where the money is going to be spent, but she said that there are different ways in which budgeting can be approached. She said that one of the easiest ways to budget is to cut items and then reinstate projects once the revenue is generated.

**REP. FRANKLIN** said that she would rather see the Committee state what is important to them. She said that one constructive thing the Committee could do is to say, "In the limited way that we have to support your industry we will give you the best tools that we got." She further said that the money would be found to support the projects.

**REP. LEWIS** made the comment that he thought it was interesting that his colleagues liked the Governor's budget because of the negotiations that occurred between the agencies and the staff. He stated that the money wasn't generated when the agreements were made. The budget was assuming that \$93 million would be generated from the Coal Trust Fund.

**SEN. MCCARTHY** said that **SEN. KEENAN** came up with a proposal that didn't need to use Coal Trust funds and she thought this proposal had a lot of merit. She said that his bill uses a mix of proposals from various sources to come up with the \$93 million and doesn't use the Coal Trust funds. She also said that with some of this funding it will be one-time-only, but that type of funding is also being used in bill that is trying to use the Coal Trust money.

**CHAIRMAN HEDGES** restated the motion which is to accept the budget for the Forest Service at \$911,219 in each year (the Executive Budget).

**Vote: Motion carried 7-0 by voice vote.** Both **REPS. FRANKLIN** and **BUZZAS** said that this yes vote is under protest.

**{Tape: 3; Side: A; Approx. Time Counter: 5.4 - 11.4}**

In response to **CHAIRMAN HEDGES'** request to find revenue, **REP. BUZZAS** said that she has a bill and an amendment to HB 2 that would provide some of the revenue that is needed. Both of these have a potential of about \$500,000. The amendment will cut the Governor's Office of Economic Development. The other bill deals with the monies in the Department of Commerce for economic development.



**REP. BUZZAS** said that the whole point to this discussion is that those bills are still out and she said that she is willing to make cuts and set priorities.

**SEN. McCARTHY** said that she felt this discussion was as healthy as any of the other ones that she has been engaged in.

**SEN. JOHNSON** said that the legislators will have a number of these kinds of discussions before the session is over.

Instead of what is actually happening in this Committee, **REP. BUZZAS** said that she would rather have this Committee deal with the issues and set policies and then go to the larger group for discussion.

***{Tape: 3; Side: A; Approx. Time Counter: 11.5 - 13.4}***

**ADJOURNMENT**

Adjournment: 10:40 A.M.

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REP. DONALD L. HEDGES, Chairman

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DIANA WILLIAMS, Secretary

DH/DW

**EXHIBIT** (jeh26aad)